

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

NETWORK CACHING TECHNOLOGY,  
LLC,

No C-01-2079-VRW

ORDER.

Plaintiff,

v

NOVELL, INC, et al,

Defendants.

Plaintiff Network Caching Technology, LLC (NCT) initiated this suit against defendants Novell, Inc, Akamai Technologies, Inc (Akamai), Inktomi Corp, Volera, Inc and Cacheflow, Inc alleging patent infringement. Arguing that NCT's preliminary infringement contentions (PICs) are inadequate, each defendant separately moves to strike NCT's PICs and to dismiss the action. See Docs ## 115, 126, 129, 134. Inktomi also moves to dismiss the complaint based on NCT's lack of standing. See Doc # 92. NCT opposes these motions. See Docs ## 154, 156, 158, 159, 103. For the reasons that follow, the court GRANTS in

1 part and DENIES in part defendants' motions to strike (Docs ##  
2 115, 126, 129, 134) and DENIES Inktomi's motion to dismiss (Doc  
3 # 92).

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5 I

6 NCT initiated this action on May 29, 2001. See Doc #  
7 1. NCT alleges that defendants infringed NCT's patents for  
8 network services software products.<sup>1</sup> The patents at issue  
9 describe an algorithm for directing network traffic and speeding  
10 up networks by caching (storing duplicate images of data).  
11 Applications of the patent technology are particularly useful in  
12 internet services (or the "web space") to speed up and control  
13 internet traffic at a company's internet site and in intranet  
14 services (or the "file system field") to speed up and control  
15 traffic within a company's proprietary network.

16 The defendants' products which allegedly infringe the  
17 patents at issue are varied. Defendants Novell, Volera and  
18 Inktomi make and sell software products that contain algorithms  
19 which allegedly infringe the patents. Defendant Cacheflow  
20 manufactures and sells computer equipment, specifically network  
21 servers, which allegedly work by themselves and in conjunction  
22 with other software to infringe the patents. Finally, defendant  
23 Akamai provides services based on its proprietary database of  
24 website usage; NCT alleges that Akamai's services infringe the  
25 patents at issue.

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<sup>1</sup>NCT alleges that it is the assignee of four patents at issue in this  
28 case: United States patent nos 5,611,049 ('049 patent); 5,892,914 ('914  
patent); 6,026,452 ('452 patent); and 6,085,234 ('234 patent).

1           The '049, '014 and '452 patents were originally issued  
2 to William Pitts. While invented by Pitts and two colleagues,  
3 the rights to the '234 patent were assigned to a company called  
4 Inca Technology, Inc (Inca) before the '234 patent issued; Inca  
5 is therefore listed as issuee on the face of the '234 patent.  
6 Both Inca and NCT have some rights with respect to the patents  
7 at issue in this case.

8           NCT, Inca and William Pitts and his wife, Virginia  
9 Pitts, entered into several agreements the effect of which is  
10 disputed by the parties. In October 1996, the Pitts granted an  
11 exclusive license of the '049, '914 and '452 patents to Inca,  
12 including the right to sublicense the patents. See Cooper Decl  
13 (Doc # 93) at Exh 8. In December 1998, Inca granted NCT a  
14 license under all four patents. See Geyer Decl (Doc # 103) at  
15 Exh H.

16           Finally, in April 2001, Inca, NCT and the Pitts entered  
17 into an agreement which canceled the prior agreements between  
18 the parties and assigned all interest in the '049, '914 and '452  
19 patents from the Pitts to NCT and all interest in the '234  
20 patent from Inca to NCT. See Cooper Decl (Doc # 93) at Exh 1.  
21 Under the agreement, however, Inca retains some rights with  
22 respect to the patents at issue. Inca is granted a purportedly  
23 nonexclusive license in the "file system field," a portion of  
24 the patent space described above, the right to sublicense its  
25 proprietary products to others, the right of approval for any  
26 license NCT might grant in the file system field and, finally,  
27 the right to sue separately in the file system field and to join  
28 any suit by NCT regarding the patents at issue. See Agreement,

1 Cooper Decl (Doc # 93, Exh 1) at ¶ 3.

2 In February and March 2002, defendants brought to the  
3 court's attention discovery disputes regarding, inter alia,  
4 NCT's preliminary infringement contentions (PICs). See Docs ##  
5 66-86. On March 15, 2002, the court held a status conference to  
6 discuss the parties' discovery disputes. At that conference,  
7 NCT admitted that it had not reverse engineered defendants'  
8 products to determine if the products infringed the patents at  
9 issue. See Tr (Doc # 193) at 41:17-25. The conference  
10 concluded with the court suggesting that NCT revise its PICs to  
11 provide more detailed infringement allegations. See Tr (Doc #  
12 193) at 48:10-50:5. NCT revised its PICs and, based on further  
13 discussions with defendants, revised the PICs a second time.  
14 NCT now asserts that it has provided in the PICs all the detail  
15 available to it at this time. See NCT Opp (Doc # 158) at 2.  
16 Defendants still contend that NCT's PICs are inadequate. This  
17 dispute led to the motions to strike currently before the court.

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19 II

20 Before turning to defendants' motions to strike, the  
21 court considers Inktomi's motion to dismiss based on lack of  
22 standing. In its motion, Inktomi asserts that NCT does not  
23 retain sufficient rights under the 2001 agreement in the patents  
24 at issue to have standing to sue. See Inktomi Br (Doc # 130).  
25 Standing is a prerequisite to this court's subject matter  
26 jurisdiction. See United States v Viltrakis, 108 F3d 1159, 1160  
27 (9th Cir 1997). While the other defendants have not joined in  
28 this motion or filed separate motions based on FRCP 12(b)(1),

1 the court has a duty to investigate its own subject matter  
2 jurisdiction; as Inktomi's arguments apply with equal force to  
3 all defendants, the court's consideration encompasses all  
4 defendants.

5 In order to sue under 35 USC § 281, a plaintiff must be  
6 a patentee. The statute defines a "patentee" as "not only the  
7 patentee to whom the patent was issued but also the successors  
8 in title to the patentee." 35 USC § 100(d). While not strictly  
9 found within this language, parties not holding title have also  
10 been accorded standing in certain limited circumstances. See  
11 Abbott Laboratories v Diamedix Corp, 47 F3d 1128, 1130-31 (Fed  
12 Cir 1995). Inktomi argues that NCT is not the assignee of the  
13 patent rights for the patents at issue. In Waterman v  
14 Mackenzie, the Supreme Court held that three types of  
15 assignments by the patent owner grant the assignee the right to  
16 bring an action for infringement in the assignee's own name: (1)  
17 assignment of the entire patent; (2) assignment of an undivided  
18 part of the patent right; and (3) assignment of all exclusive  
19 rights to the patent in a specific geographic region. 138 US  
20 252, 255 (1891); see also Abbott Laboratories, 47 F3d at 1131  
21 (relying on Waterman).

22 Here, the agreement provided that the Pitts "assign[ed]"  
23 to NCT all of their right, title, and interest, including the  
24 right to sue for past and future damages from infringing  
25 companies" under the '049, '914 and '452 patents. See Agreement  
26 (Doc # 93, Exh 1) at ¶ 1. Similarly, Inca "assign[ed] to NCT  
27 all of its right, title, and interest, including the right to  
28 sue for past and future damages from infringing companies" under

1 the '234 patent. Id at ¶ 2. By the plain language of the  
2 agreement, NCT now holds the title to the patents at issue.  
3 Inktomi argues that Inca retained sufficient rights under the  
4 agreement to make the assignment to NCT a mere license; however,  
5 the agreement is specific that all interests in the patents are  
6 assigned to NCT and in return, NCT provides a license to Inca  
7 limited to the file system field. As the title holder of the  
8 patents at issue, NCT has standing to sue in this action.

### 10 III

11 Having found that NCT has standing to sue for  
12 infringement of the patents at issue, the court turns to  
13 defendants' motions to strike NCT's second revised PICs and to  
14 dismiss the complaint based on non-compliance with Patent LR 3-  
15 1. In their opening memoranda, defendants assert that NCT's  
16 second revised PICs are inadequate as they rely solely on  
17 defendants' white papers and other marketing materials and do  
18 not provide the specificity required by Patent LR 3-1.  
19 Defendants assert that striking NCT's second revised PICs and  
20 dismissing the complaint is an appropriate sanction for NCT's  
21 repeated inability to provide adequate PICs. Defendants do not  
22 specify under what legal authority they seek the dismissal in  
23 their opening memoranda; in their reply memoranda, defendants  
24 first argue that FRCP 41(b) provides a basis for the court to  
25 dismiss the action for failure to prosecute. See, e g, Inktomi  
26 Reply (Doc # 199) at 4. This was error. See William W  
27 Schwarzer, A Wallace Tashima and James M Wagstaffe, Federal  
28 Civil Procedure Before Trial § 12:107 at 12-30 (Rutter Group

1 Practice Guide, 2000). In addition, defendants provide no  
2 argument that dismissal pursuant to FRCP 41(b) is appropriate  
3 based on the jurisprudence under that rule. Even without these  
4 procedural missteps, the court finds that the sanction of  
5 dismissal is premature on this record. The court has no  
6 evidence before it that NCT has not attempted to comply with the  
7 court's orders and the local rules in this case. NCT has a  
8 different view of what these rules entail than do defendants.  
9 Until this order, the court's involvement has not definitively  
10 determined which party has the correct view. The court  
11 therefore declines to dismiss the action at this time.

12 Defendants term their motions 'motions to strike' based  
13 on Patent LR 3-1. Their core argument, however, is that NCT has  
14 failed to meet its FRCP 11 obligations and make a reasonable  
15 inquiry into the factual basis for the complaint. Essentially,  
16 defendants assert that NCT's PICs make clear that NCT did not  
17 perform the inquiry necessary and that Patent LR 3-1 requires  
18 disclosure, at a minimum, of NCT's reasonable basis for  
19 concluding that there was a factual basis for the complaint.  
20 NCT counters that FRCP 11 is not a discovery device and its  
21 requirements should not be read into Patent LR 3-1. NCT also  
22 argues that it has complied with the specificity required by  
23 Patent LR 3-1 and, in particular, takes issue with the  
24 specificity defendants' request with respect to NCT's means plus  
25 function infringement claims.

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The court considers first whether FRCP 11 should be read as a minimum standard for the specificity required by Patent LR 3-1. Patent LR 3-1 is a discovery device wherein a party asserting infringement provides preliminary infringement contentions within 10 days of the initial case management conference. See Patent LR 3-1; (describing Patent LR 3-1 as a discovery rule). Patent LR 3-1 states:

Not later than 10 days after the Initial Case Management Conference, a party claiming patent infringement must serve on all parties a "Disclosure of Asserted Claims and Preliminary Infringement Contentions" \* \* \* which shall contain the following information:

\* \* \*

(b) Separately for each asserted claim, each accused apparatus, product, device, process, method, act, or other instrumentality ("Accused Instrumentality") of each opposing party of which the party is aware. This identification shall be as specific as possible. \* \* \*

(c) A chart identifying specifically where each element of each asserted claim is found within each Accused Instrumentality, including for each element that such party contends is governed by 35 USC § 112(6), the identity of the structure(s), act(s), or material(s) in the Accused Instrumentality that performs the claimed function.

Patent LR 3-1.

Patent LR 3-1 therefore takes the place of a series of interrogatories that defendants would likely have propounded had the patent local rules not provided for streamlined discovery. As NCT admits, a discovery request requires the NCT to provide the facts currently known to NCT. See NCT Opp (Doc # 158) at 20. Any facts discovered during its prefiling investigation necessarily come within the facts known to NCT. Thus, NCT's factual inquiry under FRCP 11 must be read as coming within the bounds of Patent LR 3-1. Put differently, NCT must provide in



1 its PICs the relevant facts it obtained in its prefiling  
2 inquiry. Thus, the standard of FRCP 11 prefiling inquiry  
3 establishes a minimum level of detail that Patent LR 3-1  
4 requires. NCT asserts that it has included all relevant facts  
5 in its PICs and cannot amend them again without further  
6 investigation. See *id* at 2. NCT's PICs, therefore, provide an  
7 accurate picture of the maximum possible inquiry in which NCT  
8 engaged before filing suit.

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10 B

11 The next issue is whether NCT's PICs demonstrate that  
12 NCT performed an adequate prefiling investigation. NCT's PICs  
13 rely entirely on defendants' white papers and other marketing  
14 materials. NCT admits that it did not reverse engineer any of  
15 defendants' products before filing suit. NCT asserts that this  
16 standard is not required for FRCP 11 or Patent LR 3-1 and that,  
17 in any case, reverse engineering would not provide any more  
18 detail than the marketing materials upon which it relies.

19 FRCP 11 requires that any party make a reasonable  
20 inquiry into the applicable facts and law before filing a  
21 document. When applied to the filing of a complaint, FRCP 11  
22 requires that the plaintiff investigate the factual and legal  
23 basis for the complaint before filing suit. The Federal Circuit  
24 has addressed what constitutes a "reasonable inquiry" in several  
25 recent cases. See Antonious v Spalding & Evenflo Co, 275 F3d  
26 1066 (Fed Cir 2002)(applying Fourth Circuit law); View  
27 Engineering, Inc v Robotic Vision Sys, Inc, 208 F3d 981 (Fed Cir  
28 2000)(applying Ninth Circuit law); Judin v United States, 110

1 F3d 780 (Fed Cir 1997)(applying Federal Claims Court law); see  
 2 also Refac Int'l, Ltd v Hitachi, Ltd, 141 FRD 281 (CD Cal 1991).  
 3 While the Federal Circuit applies local circuit law to FRCP 11  
 4 motions, the standard for a "reasonable inquiry" is an objective  
 5 reasonableness standard in all circuits from which these cases  
 6 emanated.<sup>2</sup>

7 In View Engineering, defendant filed a counterclaim for  
 8 patent infringement. Defendant admitted that its basis for  
 9 asserting the counterclaims was "based solely on [the  
 10 inventor's] knowledge of the [] patents, [plaintiff's]  
 11 advertising, and the statements [plaintiff] made to its own  
 12 customers." 208 F3d at 985. Defendant did not reverse engineer  
 13 any product because the machines at issue were too expensive to  
 14 purchase. See id at 985 n5. Defendant also did not perform any  
 15 claim construction or infringement analysis before asserting the  
 16 counterclaims. See id at 985. Defendant argued that, as  
 17 plaintiff refused to provide access to its machine or drawings,  
 18 defendant could not determine whether plaintiff actually  
 19 infringed without discovery. See id. In upholding the award of  
 20 sanctions, the Federal Circuit described what defendant should  
 21 have done:

22 [Defendant] was afforded ample opportunity to construe  
 23 the 120 claims [plaintiff] was eventually accused of  
 24 infringing, \* \* \* to appoint an outside expert to  
 review [plaintiff's] machines, to talk to [defendant's]  
 sale corps to learn what it knew of [plaintiff's]

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25  
 26 <sup>2</sup>Other standards, such as whether the complaint must, in fact,  
 27 be baseless, are different in the Ninth Circuit. Compare Garr v  
US Healthcare, Inc, 22 F3d 1274 (3d Cir 1994)("a shot in the dark  
 28 is a sanctionable event, even if it somehow hits the mark.") with  
In re Keegan Management Co Sec Litig, 78 F3d 431, 434 (9th Cir  
 1996) (complaint must, in fact, be baseless).

1 machine - in other words, to conduct some form of  
2 reasonable inquiry.

3 Id at 986. "Rule 11 \* \* \* [requires a law firm], at a bare  
4 minimum, [to] apply the claims of each and every patent that is  
5 being brought into the lawsuit to an accused device and conclude  
6 that there is a reasonable basis for a finding of infringement  
7 of at least one claim of each patent so asserted." Id.

8 Similarly, in Antonious, the court stated that a  
9 plaintiff must compare the accused device with the construed  
10 patent claims. 275 F3d at 1074. In doing so, the plaintiff's  
11 lawyer may not rely solely on his client's statements regarding  
12 infringement. Id. Finally, in Refac Int'l, the court found  
13 that because plaintiff did not reverse engineer defendant's  
14 products or obtain product schematics before bringing suit, it  
15 had not performed a reasonable prefiling inquiry. 141 FRD at  
16 286.

17 Thus, FRCP 11 requires that a plaintiff compare an  
18 accused product to its patents on a claim by claim, element by  
19 element basis for at least one of each defendant's products.  
20 While the court is reluctant to hold that in all cases such a  
21 comparison requires reverse engineering of the defendant's  
22 products, the court finds that reverse engineering or its  
23 equivalent is required. NCT has not provided sufficient  
24 evidence to convince the court that reverse engineering would  
25 not provide more detail regarding any potential infringement;  
26 further detail is necessary in this case. NCT's PICs are  
27 replete with vague discussions of the claim terms. For example,  
28 NCT's PICs against Inktomi states in part:

1 If the memory (NDC buffer) for the shared (network)  
2 cache of the Traffic Server appliance (NDC site) does  
3 not contain a copy (projected image) of all the  
4 requested data, the shared (network) cache (NDC)  
5 transmits a request for the requested data downstream  
6 to another appliance (NDC site), such as another  
7 Traffic Server appliance, that is closer to the server  
8 accelerator (NDC server terminator site) for the  
9 dataset or a Traffic Server appliance acting as the  
10 server accelerator (NDC server terminator site).

11 This contention simply mimics the language of claim 1 of the  
12 '049 patent, step (c)(with the exception of the underlined  
13 portion):

14 if the NDC buffer of this NDC site does not contain a  
15 projected image of all data requested from the stored  
16 dataset, and if the NDC site receiving the request is  
17 not the NDC server terminator site for the stored  
18 dataset, the NDC of this NDC site for the stored  
19 dataset, the NDC of this NDC site transmitting a  
20 request for data from this NDC site downstream to  
21 another NDC site closer to the NDC server terminator  
22 site for the stored data set than the present NDC site.

23 In support of this contention, NCT cites the following  
24 marketing literature:

25 "If Traffic Server contains a requested document, it  
26 serves the document to the end user. If it does not  
27 have a document, it acts as a proxy and fetches the  
28 content from the origin server on the user's behalf."  
NCT 012498.

"Couple cluster technology from Inktomi® scales to  
support your network traffic loads." NCT 011435.

"HTTP parent proxy supports hierarchies of Traffic  
Servers for increased network efficiency." NCT 011436

NCT provides no link between the quoted passages and the  
infringement contention that simply mimics the language of the  
claim. The court sees no specific link. For example, NCT  
provides no explanation of how the proxies described in the  
literature map onto the claim language. Nor does NCT describe  
how "couple cluster technology" is relevant. In essence, NCT  
has provided no further information to defendants than the claim

1 language itself. This is plainly insufficient.

3 C

4 Finally, the court turns to defendants' argument that  
5 NCT must provide the specific location of each routine within  
6 the software product in order properly to assert its means plus  
7 functions claims. Patent LR 3-1 requires that NCT provide the  
8 identity of each structure that performs the claimed function in  
9 any means plus function claim. See Patent LR 3-1(c). In  
10 software patent claims, the structure which provides the means  
11 to infringe is the computer or other device programmed with the  
12 specific routine within the accused software which performs a  
13 specific function. See WMS Gaming, Inc v International Game  
14 Technology, 184 F3d 1339, 1349 (Fed Cir 1999). In other words,  
15 the structure is simply the combination of the computer and  
16 algorithm, which then performs the algorithm. In its PICs, NCT  
17 states that the structure which infringes is a computer  
18 programmed with the defendants' software. NCT does not pinpoint  
19 which routine or algorithm specifically performs a given  
20 function and therefore is the specific algorithm, when  
21 programmed into a computer, that constitutes the structure  
22 necessary to prove means plus function claims. In WMS Gaming,  
23 the Federal Circuit required the plaintiff to prove its means  
24 plus function claim routine by routine. 184 F3d at 1349.  
25 Defendants contend that this means that NCT's means plus  
26 function PICs must specify the routine in defendants' software  
27 upon which the claim is based.

28 In this case, the court disagrees. WMS Gaming provided

1 the standard required for a patentee to prove a means plus  
2 function claim in a software infringement case. As NCT's expert  
3 explains, the location of individual software routines is not  
4 obtainable via reverse engineering. Software programs are  
5 modular; routines can be located in several different physical  
6 locations without changing the function of the program at all.  
7 The only way to pinpoint the specific routine is to analyze the  
8 source code, which is solely in the defendants' possession.  
9 This is the quintessential case allowing amendment of PICs based  
10 on information received in discovery. See Patent LR 3-4(a).  
11 While determining that NCT need not specify the particular  
12 routine which performs a function, the court does not find that  
13 NCT's means plus function claims PICs are adequate. More  
14 specificity in the direct contention (rather than simply the  
15 structure) is required, as discussed above.

## IV

18 In summary, the court DENIES Inktomi's motion to  
19 dismiss (Doc # 92) and GRANTS in part and DENIES in part  
20 defendants' motions to strike (Docs ## 115, 126, 129, 134).  
21 Insofar as defendants' motions to strike request dismissal of  
22 the action, they are denied. The court strikes NCT's second  
23 revised preliminary contentions and requires NCT to provide  
24 revised preliminary contentions that conform with the  
25 requirements of Patent LR 3-1 as discussed in this order by

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1 September 15, 2002. All discovery in this action is hereby  
2 STAYED until NCT serves its revised preliminary contentions.

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5 IT IS SO ORDERED.

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VAUGHN R WALKER  
United States District Judge  
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